A Public Limited Company (*Société anonyme*) with share capital of 1,008,053.52 euros
Registered office: 9 rue d'Enghien
75010 Paris, France
431 268 028 in the Paris Trade and Companies Register

2019 HALF-YEAR FINANCIAL REPORT

Contents

2019 Half-Year Activity Report

1. COMPANY'S ACTIVITY AND EARNINGS

First half 2019 results and recent highlights

- Total revenue for the first half of 2019 increased €1.3 million, or 39.6% year-over-year to €4.5 million.
- As previously reported, total sales for the first half of 2019 increased €1.2 million, or 45.4% year-over-year, to €3.9 million
    - Consumables sales increased €0.9 million, or 72.4% year-over-year, to €2.1 million
        - Consumables sales related to the pay-per-use program increased 160.1% year-over-year
    - Systems sales increased €0.4 million, or 37.7% year-over-year, to €1.3 million
    - Services sales decreased 1.2% year-over-year to €0.5 million
- The Company placed 10 new Cellvizio systems under its PPU program in the first half of 2019, compared to 16 in the first half 2018
- Gross margin was 62.7%, compared to 63.5% in the first half of 2018. This change in gross margin is mainly due to an unfavorable margin mix related to the weight of indirect sales in China, which increased by 106% in the first half of 2019
- Operating loss was €6.6 million, compared to operating loss of €6.5 million in the first half of 2018
- Net loss was €8.1 million, compared to net loss of €6.8 million in the first half of 2018.

As of June 30, 2019, the Company had a cash balance of €0.0 and total debt obligations of €6.4 million, including €2.7m of bank overdraft, compared to €8.6 million of cash and €7.1 million of total debt obligations, as of December 31, 2018.

On July 3, 2019, the Company announced it had received the first tranche of €11.5 million under a financing agreement concluded on June 20, 2019 with the European Investment Bank ("EIB"). The Company redeemed the non-dilutive bond financing with IPF Partners. The financing with IPF Partners was comprised of two bond tranches of €4.0 million and €5.0 million, issued in February 2017 and May 2019, respectively. The Company repaid both tranches fully on 28 June 2019 for a total amount of €10.7 million.

As of July 3, 2019, and following the restructuring of its debt, the Company had €8.8 million of cash available.

First Half 2019 Results

(in € thousands) – IFRS	1H 2019 (June 30, 2019)	1H 2018 (June 30, 2018)	Change %
Operating Revenue			
Sales	3,937	2,707	45%
Other income	576	525	10%
Total of revenue	4,512	3,232	40%
Operating Expenses			
Cost of sales	(1,468)	(987)	(49%)
Gross Margin (%)	63%	64%	
Research & Development	(2,050)	(2,235)	8%
Sales & Marketing	(4,597)	(4,376)	5%
Administrative expenses	(2,578)	(2,069)	25%
Share-Based Payments	(432)	(43)	(905%)
Total of expenses	(11,126)	(9,712)	(15%)
Operating Profit (Loss)	(6,614)	(6,479)	(2%)
Profit / (loss)	(8,097)	(6,836)	(18%)

First Half 2019 Revenue: 25 systems shipped in total with 10 systems placed under consignment

Total sales for the first half of 2019 were €3.9 million, up 45% year-over-year. First half of 2019 sales growth was driven primarily by a 72% increase in consumables sales and a 38% increase in systems revenue, which offset a 1% decrease in services sales in the period. Total consumables sales were driven by a 160% increase in consumables sales related to the pay-per-use program fueled by utilization-related demand following the Company's success in driving new system placements in this program throughout 2018. Consumables sales to customers in the pay-per-use program represented 39% of total consumables sales in the first half of 2019, compared to 26% in the prior year period.

Total Cellvizio System shipments increased 67% year-over-year to 15 in the first half of 2019 period, compared to 9 total shipments in the prior year period. New system placements under the Company's pay-per-use program represented 40% of total shipments in the first half of 2019 period, compared to 64% in the prior year period.

Total consumable probe shipments increased 71% year-over-year to 461 unitsin the first half of 2019 period, compared to 269 units in the prior year period.

Clinical sales

Total clinical sales for the first half of 2019 period were €3.8 million, up 71% year-over-year, driven by a 106% increase in sales in the Asia-Pacific region, a 23% increase in sales in the U.S. and Canada regions and a 24% increase in sales in the EMEA and Rest of World regions.

Pre-clinical sales

Total pre-clinical sales were €26 thousand and €159 thousand in the second quarter and first half of 2019 periods, respectively, representing 1% of total sales and 4% of total sales, compared to 13% of total sales and 18% of total sales, respectively, in the prior periods.

First Half 2019 Consolidated Results

Gross margin in the first half of 2019 period was 63%, compared to 64% in the first half of 2018. The primary driver of the decrease in gross margin in the first half of 2019 was an unfavourable margin mix related to the 106% growth in sales to the APAC region in the first half of 2019 period.

Total operating expenses, including cost of sales, amounted to €11.1 million in the first half of 2019, compared with €9.7 million in the same period of the previous year. This amount includes €0.7 million in depreciation, amortization and provisions.

Total operating expenses in the first half of 2019 increased €0.9 million, or 10.3% year-over-year, to €9.6 million, compared to €8.7 million last year. The increase in total operating expenses was primarily driven by:

- an increase in administration expenses of €0.5 million, or 24% year-over-year, to €2.6 million, driven by investments made in the second half 2018 to strengthen the management team,
- an increase in share-based payment of €0.4 million, or 904.7% year-over-year, to €0.4 million, related to free shares and stocks options 2018 Plans,
- an increase in sales and marketing expenses of €0.2 million, or 5.1% year-over-year, to €4.6 million, driven by commercial and marketing investments required to support the deployment of the pay-per-use model in the U.S.;

The increase in total operating expenses in the first half of 2019 was partially offset by lower depreciation and provisions which were €0.7 million, compared to €0.9 million last year.

Research and development expenses were €2.0 million, compared to €2.2 million, last year. The 8% decrease in R&D expenses is due to the capitalization of development costs n the first half of the year. Compared to 2018; the Company's investments in R&D projects remained constant in the first half of 2019

Operating loss in the first half of 2019 period was €6.6 million, compared to €6.5 million last year. The increase in operating loss was driven by the €0.7 million increase in gross profit, offset by the €0.9 million increase in operating expenses compared to the prior year period.

Net loss in the first half of 2019 period was €8.1 million, compared to €6.8 million in the prior year period. The increase in net loss was primarily driven by non-recurring financial costs of €1.7 million associated to the early repayment of the IPF Partners bond financing.

On June 28, 2019, the Company redeemed all non-dilutive bond financing with IPF Partners for a total amount of €10.7 million. The financing with IPF Partners was comprised of two bond tranches of €4.0 million and €5.0 million, issued in February 2017 and May 2019, respectively.

As of June 30, 2019, the Company had a cash balance of €0.0 and total debt obligations of €6.4 million, including €2.7m of bank overdraft, compared to €8.6 million of cash and €7.1 million of total debt obligations, as of December 31, 2018.

On July 3, 2019, the Company announced it had received the first tranche of €11.5 million under a financing agreement concluded on June 20, 2019 with the European Investment Bank ("EIB"). As of July 3, 2019, and following the restructuring of its debt, the Company had €8.8 million of cash available.

Cash used in operating and investing activities in the first half 2019 period totaled €4.8 million, compared to €5.9 million in the prior year period.

Mauna Kea Technologies had 99 employees as of June 30, 2019, compared to 98 as of June 30, 2018.

Mauna Kea Technologies had 99 employees as of June 30, 2019, compared to 100 as of December 31, 2018 and 98 as of June 30, 2018.

2. PROGRESS AND PROSPECTS

Clinical results and conferences: the medical value of optical biopsy

Gastroenterology

June 2019

Coverage of confocal laser endomicroscopy in France, specifically for Barrett's esophagus, through the creation of a new specific procedural code to be added to the Common Classification of Medical Procedures (CCAM). The French National Association of Health Insurance Funds (UNCAM) created the following procedure, in sub-paragraph "07.01.09.01 - Endoscopy of the salivary glands and digestive tract" of Book II of the Social Security Code: "Esophageal endoscopy with biopsy guided by confocal laser endomicroscopy - Pre-therapeutic esophageal mapping with biopsy guided by confocal laser endomicroscopy". Decision on April 18, 2019 of the French National Association of Health Insurance Funds related to the list of procedures and services covered by health insurance, published in the Official Journal of the French Republic. Accessible on https://www.legifrance.gouv.fr.

May 2019

Held 17 presentations supporting Cellvizio® during the Digestive Disease Week® (DDW) Conference in San Diego in the United States. These presentations address Barrett's esophagus, inflammatory bowel disease (IBD), food allergies, pancreatic cysts and other gastrointestinal diseases. The studies focused on the potential impact from the use of Cellvizio® in patient treatment and improvement of results.

Pneumonology

February 2019

Publication of a new 510(k) authorization from the U.S. Food and Drug Administration (FDA) for the use of the AQ-FlexTM 19 confocal miniprobe through trans-bronchial needles with bronchoscopes and existing bronchoscopy accessories. This is the 16th 510(k) authorization received from the U.S. FDA for the Cellvizio® platform.

May 2019

Publication of a prospective study (ClinicalTrials.gov Identifier: NCT02689050) demonstrating Cellvizio's potential as a diagnostic and evaluation aid in lung cancers. The results of a clinical study published in the European Respiratory Journal demonstrated that lung cancer characteristics may be recognized with precision using Cellvizio®'s AQ-Flex™ 19 confocal miniprobe through thin needles.

Indebtedness

On May 29, 2019, the Company announced the subscription of a €5 million tranche from IPF Partners as part of the amendment to its debt agreement signed on November 13, 2018.

Following the financing agreement with the European Investment Bank (EIB) signed on June 20, 2019 for €22.5 million, the Company received the first tranche of €11.5 million on July 3, 2019.

Tranche 1 is accompanied by the issuance of share subscription warrants (BSAs) entitling the holder, in the event of exercise, to subscribe for a maximum of 1,450,000 shares of the Company (i.e. 5.75% of the share capital on a non-diluted basis) subject to the legal and contractual adjustments provided for in the documentation. These warrants were issued on the basis of the fourth resolution (private placement) adopted by the Extraordinary General Meeting of October 5, 2018. The exercise price of the warrants is equal to the weighted average of the volumes of the last three trading days preceding their issue, less a 5% discount, i.e. €1.8856 per warrant. The warrants may be exercised from this day until the twentieth anniversary of the issuance of the warrants, i.e. 3 July 3, 2039.

In addition, the Company redeemed the non-dilutive bond financing early with IPF Partners. The two bond tranches issued for €4.0 million and €5.0 million respectively in February 2017 and May 2019 were fully repaid on 28 June 2019 for a total amount of €10.7 million. The refinancing of this debt saves €2.0 million in interest over the next five years.

3. DEVELOPMENT AND PROSPECTS

The Company is mainly focusing its efforts first on the American market, where conditions have improved significantly and particularly the transition to a consignment sale.

With its unique confocal laser endomicroscopy platform, the Company has the potential to become a world leader in its market. It exemplifies the type of company essential for the future economy, combining a high level of innovative research and development of unique technologies in the field of medical systems.
In particular, the financial support from the EIB obtained in July 2019 will enable it to accelerate its growth in the coming years.

Furthermore, the execution of the "Vision 2020" strategic plan, which will make Mauna Kea Technologies a key player in the digital transformation of medicine and surgery, is well underway. After successfully bringing microscopes into the patient’s body, the Company is now on the verge of bringing in vivo the connected laboratory of the future, harnessing the full power of the latest artificial intelligence techniques now available in the Cloud and the advent of next-generation molecular markers.

4. EVENTS OCCURRING SINCE THE END OF THE HALF-YEAR PERIOD

The Company finalized a financing agreement for €22.5 million on June 20, 2019 with the European Investment Bank ("EIB"). On July 3, 2019, the Company received the first tranche of €11.5 million (Tranche 1). Furthermore, the Company repaid its debt financing from IPF Partners. The financing with IPF Partners was comprised of two bond tranches of €4.0 million and €5.0 million, issued in February 2017 and May 2019, respectively. The Company repaid the two tranches in full on June 28, 2019 for a total amount of €10.7 million. On July 3, 2019, and following its debt restructuring, the Company had available cash of €8.8 million.
This loan will enable Mauna Kea Technologies to boost its marketing development activities, continue to invest in its research, development and innovation activities and increase its production capacity, if required, depending on the growth in demand during the coming years.

5. RISKS AND UNCERTAINTIES - TRANSACTIONS WITH RELATED PARTIES

The risks faced by the company are specified in Chapter 4 "Risk Factors" of the Company's 2018 Registration Document.

Relationships with related parties are covered in Note 21 to the 2019 half-yearly financial statements.

Mauna Kea Technologies

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CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS, AS OF JUNE 30, 2019

STATEMENT OF FINANCIAL POSITION

(Amounts in thousands of euros)

	Note	06/30/19	12/31/18 (*)
ASSETS			
Non-current Assets			
Intangible assets	3	1,862	1,838
Property, plant, and equipment	4	3,117	1,985
Non-current financial assets		173	133
Total of non-current assets		5,152	3,956
Current assets			
Inventories and work in progress	5	2,387	2,456
Trade receivables	6	2,028	1,643
Other current assets	6	1,662	3,019
Current financial assets		57	64
Cash and cash equivalents	7	0	8,623
Total of current assets		6,135	15,806
TOTAL OF ASSETS		11,287	19,762

	Note	06/30/19	12/31/18
EQUITY AND LIABILITIES			
Equity			
Share capital	8	1,008	1,008
Share premium	8	91,773	91,753
Reserves		(84,446)	(72,072)
Foreign currency translation on reserve		93	74
Profit/(loss)		(8,097)	(12,785)
Total of equity		331	7,979
Non-current Liabilities			
Long-term loans and borrowings	9	3,361	6,457
Non-current provisions	10	416	422
Total of non-current liabilities		3,777	6,879
Current liabilities			
Short-term loans and borrowings	9	3,011	600
Trade payables		1,722	2,087
Other current liabilities	11	2,447	2,216
Total of current liabilities		7,180	4,904
TOTAL OF EQUITY AND LIABILITIES		11,287	19,762

(*) IFRS 16 has been applied using the simplified retrospective method, therefore the opening balance sheet has not been modified (see Note 1.2.2)

COMPREHENSIVE INCOME STATEMENT

(Amounts in thousands of euros)

	Note	06/30/19	06/30/18 (*)
Operating Revenue			
Sales	12	3,937	2,707
Other income	12	576	525
Total of revenue		4,512	3,232
Operating Expenses			
Cost of sales		(1,468)	(987)
Gross margin		63%	64%
Research & Development	15	(2,050)	(2,235)
Sales & Marketing	15	(4,597)	(4,376)
Administrative expenses	15	(2,578)	(2,069)
Share-based payments	8	(432)	(43)
Total of expenses		(11,126)	(9,712)
Current operating profit		(6,614)	(6,479)
Financial revenue	16	274	38
Financial expenses	16	(1,756)	(393)
Profit before tax		(8,097)	(6,836)
Income tax expense	17		
Profit / (loss)		(8,097)	(6,836)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial differences on defined benefit plans	10	28	(5)
Total of items that will not be reclassified to profit or loss		28	(5)
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		18	78
Items that will be reclassified subsequently to profit or loss		18	78
Other comprehensive income for the year, net of tax		47	73
Comprehensive income		(8,051)	(6,763)
Weighted average number of shares outstanding (in thousands)		25,201	25,092
Basic earnings per share (EUR/share)	19	(0.32)	(0.27)
Weighted average number of potential shares (in thousands)		30,944	27,183

(*) IFRS 16 has been applied using the simplified retrospective method, therefore the comparative period at 30 June 2018 has not been modified (see Note 1.2.2)

STATEMENT OF CHANGES IN EQUITY

(Amounts in thousands of euros)

		Issued capital	Share premium	Treasury shares	Reserves	Foreign currency translation on reserve	Profit/(loss)	Total of equity
Equity as of	12/31/17	974	87,973	(84)	(61,812)	(61)	(10,245)	16,744
Allocation of the profit / (loss)					(10,245)		10,245	
Capital transactions		34	3,765					3,799
Share-based payments					43			
Treasury shares transactions				(44)	(42)			(86)
Comprehensive income as of	06/30/18				(5)	78	(6,836)	(6,763)
Equity as of	06/30/18	1,008	91,738	(129)	(72,061)	17	(6,836)	13,738
Equity as of	12/31/18	1,008	91,753	(219)	(71,853)	74	(12,785)	7,979
IFRS 16 impact					(45)			(45)
Equity as of	01/01/19	1,008	91,753	(219)	(71,898)	74	(12,785)	7,934
Allocation of the profit / (loss)					(12,785)		12,785	
BSA Subscription			20					20
Share-based payments					432			432
Treasury shares transactions				(9)	4			(5)
Comprehensive income as of	06/30/19				28	18	(8,097)	(8,051)
Equity as of	06/30/19	1,008	91,773	(228)	(84,218)	93	(8,097)	331

CASH-FLOW STATEMENT

(Amounts in thousands of euros)

	Note	06/30/19	06/30/18 (*)
Cash flows from operating activities			
Profit / (loss)		(8,097)	(6,836)
Elimination of amortizations, depreciations and provisions		692	597
Share-based payment transaction expense and revenue	8	432	43
Other items excluded from the auto-financing capacity		2,025	312
Revenue and expenses related to the discounting of repayable advances	*9/16*	*1*	*33*
Revenue and expenses related to the bond	*9/16*	*(140)*	*39*
Financial interest	*16*	*2,143*	*236*
Other non-cash items		*22*	*4*
Auto-financing capacity		(4,948)	(5,906)
Change in WCR related to business activities		820	268
Inventories and work in progress		*92*	*(521)*
Trade receivables		*(378)*	*433*
Other current assets		*1,279*	*151*
Trade payables		*(366)*	*238*
Other current liabilities		*193*	*(33)*
Net cash flows from operating activities (A)		(4,128)	(5,638)
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	3/4	(682)	(308)
Proceeds from sale of property, plant and equipment and intangible assets		0	1
Change in loans and advances granted		(38)	85
Net cash flows from investing activities (B)		(720)	(222)
cash flows from financing activities			
Proceeds from stock option, BSA and Founders' Warrant (BSPCE) subscriptions	8	20	3,799
Repurchases and resales of treasury shares		0	(86)
Net financial interests paid	16	(503)	(175)
Repayment of the IPF loan	9	(4,000)	
Repayment of IPF penalties		(1,789)	
Rent paid over the period	9	(192)	(4)
Net cash flows from financing activities (C)		(6,464)	3,534
Net foreign exchange difference (D)		6	5
Change in cash (A) + (B) + (C) + (D)		(11,306)	(2,321)
Cash at the beginning of the period	7/9	8,623	17,453
Cash at the end of the period	7/9	(2,683)	15,132
Change in cash		(11,306)	(2,321)

(*) IFRS 16 has been applied using the simplified retrospective method, therefore the comparative period at 30 June 2018 has not been modified (see Note 1.2.2)

NOTES TO THE FINANCIAL STATEMENTS

HIGHLIGHTS OF THE HALF-YEAR

Indebtedness

On May 29, 2019, the Company announced the subscription of a €5 million tranche from IPF Partners as part of the amendment to its debt agreement signed on November 13, 2018.

Following the financing agreement with the European Investment Bank (EIB) signed on June 20, 2019 for €22.5 million, the Company received the first tranche of €11.5 million on July 3, 2019.

In addition, the Company redeemed the non-dilutive bond financing early with IPF Partners. The two bond tranches issued for €4.0 million and €5.0 million respectively in February 2017 and May 2019 were fully repaid on 28 June 2019 for a total amount of €10.7 million. The refinancing of this debt saves €2.0 million in interest over the next five years.

Note 1: Accounting principles

1.1 Accounting principles applied by the Group

The financial statements are presented in thousands of euros.

The condensed consolidated financial statements of the first half-year 2019, approved by the Board of Directors' meeting on September 19, 2019, have been prepared in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

The going concern assumption was applied by the Board of Directors, taking into account the EIB payment of €11.5 million in early July 2019, and according to its expected cash flow. These elements should cover the Group's cash requirements until June 30, 2020. The Company intends also to implement the appropriate financing solutions to cover its cash requirements beyond that date.

Since they are condensed financial statements, the half-year consolidated financial statements do not include all the financial disclosures required in a full set of annual financial statements. They should therefore be read in conjunction with the Group's financial statements for the year ended December 31, 2018, subject to the specific characteristics for the preparation of interim financial statements, described below.

1.2 Main accounting policies

Aside from the specific characteristics for the preparation of interim financial statements set out in Note 1.3 "Basis of preparation of half-year financial statements", the significant accounting policies used are the same as those used for the preparation of the consolidated financial statements for the financial year ended December 31, 2018, with the exception of the standards below which were adopted in 2019.

1.2.1. New standards and interpretations for mandatory application

- *IFRS 16 "Leases"* replaces IAS 17 and the related IFRIC and SIC interpretations. Its application is mandatory from January 1, 2019. By removing the distinction between operating leases and finance leases for the lessee, this standard requires all leases to be recognized in the balance sheet. This accounting treatment will involve recognizing a right-of-use asset, offset by a lease liability corresponding to the discounted value of the rent to be paid over a reasonably certain rental period.

The Company applied IFRS 16 from January 1, 2019 using the simplified retrospective method. However, the right-of-use assets were not assessed at January 1, 2019 at the amount of the initial debt. The rights of use were measured as if IFRS 16 had been in force since the lease agreements were signed. The equity at 1st January 2019 was therefore impacted by €45k, which the Company considers immaterial. The application of IFRS 16 did not have an impact on the Company's cash and cash equivalents.

The contracts affected by IFRS 16 primarily include the lease for the Company's head office and the contracts related to the Boston offices for the U.S. subsidiary.

The Company applied the following simplification measures:

- use of a single discount rate for a portfolio of leases with reasonably similar characteristics;
- use of previous assessments to determine whether the leases involve a financial outlay;

- recognition of leases with durations less than or equal to 12 months which do not include purchase options and contracts concerning low value assets as short-term leases;

- recognition of operating leases for which the residual duration is less than 12 months from January 1, 2019 or for which the underlying asset is of low value as short-term leases, by recognizing the rent payments related to these contracts in expenses;

- exclusion of initial direct costs when assessing the asset related to the right-of-use at the date of the request for first-time application; and

- use of knowledge acquired retrospectively to calculate, for example, the term of the lease when it includes options to extend or terminate the lease.

The discount rate used at the transition date corresponds to the incremental borrowing rate that would be obtained for a loan contracted for an almost identical period to the remaining term of the ongoing leases at the transition date. For future leases, the same method will be used if an implicit rate is not available. The lessee's average weighted incremental borrowing rate applied to lease liabilities as at January 1, 2019 was estimated at 2% for the contract for the head office in Paris. A rate of 12% was used for the lease of the American premises corresponding to the implicit interest rate provided for in the contract.

Given that the Company applies the simplified retrospective method, the financial statements at December 31, 2018 will not be restated, as permitted by the standard. However, in the following tables the Company presents the main impacts of IFRS 16 at the date of first-time application.

Impact of the first-time application of IFRS 16 on the consolidated statement of financial position

	As at January 1, 2019		
(in € thousand)	Excluding IFRS 16	IFRS 16 impact	With IFRS 16
ASSETS			
Other tangible assets	1,985	1,127	3,011
Total non-current assets	3,956	1,127	5,083
Total Assets	19,762	1,127	20,889
EQUITY AND LIABILITIES			
Short-term loans and borrowings	600	364	964
Total liabilities	4,904	364	5,268
Long-term loans and borrowings	6,457	808	7,265
Total non-current liabilities	6,879	808	7,687
Reserves	(72,072)	(45)	(72,117)
Total equity	7,979	(45)	7,934
TOTAL EQUITY AND LIABILITIES	19,762	1,127	20,889

Impact of the first-time application of IFRS 16 on the statement of comprehensive income

	As of June 30, 2019		
(in € thousand)	Excluding IFRS 16	IFRS 16 impact	With IFRS 16
External expenses	(1,022)	156	(866)
Net change in depreciations and amortizations	(82)	(168)	(250)
Current operating income	(6,602)	(12)	(6,614)
Financial expenses	(1,747)	(9)	(1,756)
Profit / (loss)	**(8,076)**	**(21)**	**(8,097)**

Impact of the first-time application of IFRS 16 on the cash flow statement

	June 30, 2019		
(in € thousand)	Excluding IFRS 16	IFRS 16 impact	With IFRS 16
Profit / (loss) of consolidated companies	**-8,076**	**-21**	**-8,097**
Amortization and depreciation	524	168	692
Financial expenses	2,134	9	2,143
Change in working capital requirement	784	36	820
Net cash flows from operating activities	**-6,109**	**192**	**-5,917**
Rent paid over the period	0	-192	-192
Net cash flows from financing activities	-4,503	-192	-4,695
(Decrease)/increase in cash	**-11,306**	**0**	**-11,306**

Reconciliation between rental commitments at 31 December 2018 and IFRS 16 rental liabilities at 1 January 2019

(in € thousand)

Operating lease commitments published as at 31 December 2018	811
Commitments discounted at the marginal borrowing rate on the date of first application	744
(+) Outstanding contracts identified under IFRS 16	-36
(+) Adjustment related to changes in the index or rate affecting the variable (1)	464
(+)Amendments to current contracts effective from 01/01/2019	
Rental liability recognised as at 1 January 2019	**1,172**
Of which:	
Current liabilities	364
Non-current liabilities	808

(1) This amount includes €440 thousand in difference between the treatment of renewal options between IFRS 16 and off-balance sheet commitments at 31 December 2018 and €24k in commitments not taken into account at the same date, considered immaterial.

The other standards adopted by the European Union and mandatory as from 1 January 2019 are as follows:

- IFRIC 23 - "Uncertainties regarding tax treatment".
- Amendments to IFRS 9: "Early redemption characteristics with negative remuneration"
- Amendments to IAS 19 - "Employee benefits": amendment, reduction or liquidation of a plan; and
- Annual improvements (2015-2017) to IFRS

These other standards had no impact on the financial statements as at 30 June 2019.

1.2.2. Standards and interpretations published by IASB but not yet adopted by the European Union

The Group has not opted for the early application of the standards and interpretations published by IASB but not yet adopted by the European Union as of June 30, 2019, in particular:

- amendments to IAS 1 "Presentation of financial statements";
- amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors";
- amendments to IFRS 10 and IAS 28 "Sale or contribution of assets between an investor and its associate or joint venture";
- amendments to IAS 40 “Transfers of investment property”;
- IFRS 17 “Insurance contracts”.

No material impact is expected as a result of the application of these standards.

1.3 Basis of preparation of the interim financial statements

1.3.1 Taxes

The half-year income tax expense is calculated for each country based on an estimated average effective rate calculated on an annual basis and applied to the country's half-year profit. Where applicable, this estimate takes into account the use of tax loss carry forwards and whether or not they have been recognized.

No income tax expense was recorded at June 30, 2019.

1.3.2 Impairment tests

In accordance with the provisions of IAS 36, in the absence of any indication of impairment, the Group did not conduct any impairment tests on the property, plant and equipment and intangible assets.

1.3.3 Pension plan provision

The Company does not finance its pension plan provision. The discount rate comes from iBoxx Corporate AA10+ references adjusted for the term of the Company’s plan estimated at 23 years. No retirements took place in the first half 2019.

Note 2: Company and scope

Founded in May 2000, Mauna Kea Technologies SA (“the Company”) develops and markets medical devices, particularly optical instruments for medical imaging.

As part of its development in the United States, the Company created Mauna Kea Technologies Inc. on January 3, 2005.

	06/30/19		12/31/18		Consolidation method
Entities	% of interests	% of control	% of interests	% of control	
Mauna Kea Technologies SA (1)	100%	100%	100%	100%	Full consolidation
Mauna Kea Technologies Inc	100%	100%	100%	100%	Full consolidation

(1) Parent company

No change in scope took place during the period.

Note 3: Intangible assets

The changes in intangible assets break down as follows:

INTAGIBLE ASSETS
(Amounts in thousands of euros)

	12/31/18	Increase	Decrease / Scrapping	Reclass	06/30/19
Development cost	3,623				3,623
Patents, licenses and trademarks	1,695			96	1,791
Software packages	913				913
Development cost in progress	0	252			252
Patents, licenses and trademarks in progress	588	6		(96)	498
Total gross of intangible assets	**6,819**	**258**			**7,077**
Amort. / dep. of development costs	(3,512)	(106)			(3,618)
Amort. / dep. of patents, licenses and trademarks	(912)	(68)			(980)
Amort. / dep. of software packages	(558)	(60)			(617)
Total amort. / dep. of intangible assets	**(4,981)**	**(234)**			**(5,215)**
Total net of intangible assets	**1,838**	**24**			**1,862**

Since March 28, 2019, the Company has capitalized the costs incurred for the development of Gen III.
Following the transition to the prototyping phase, the company considered that all IAS 38 criteria were met.
At 30 June 2019, €252 thousand had been capitalized, of which €166 thousand related to personnel costs and €86 thousand to external costs.

In accordance with IAS 38, development costs incurred in connection with the creation of a project (new project and development of existing techniques) are recognized as intangible assets when the group can demonstrate:

- the technical feasibility of the intangible asset for use or sale;
- its intention to complete the asset and its ability to use or sell it;
- the fact that this asset will generate future economic benefits;
- the existence of resources available to complete the development and;
- its ability to reliably assess the expenditures incurred for the development project

These development costs are amortized from the internal "income" date of the project over its expected useful life, which is capped at eight years.

Note 4: Property, plant, and equipment

The changes in property, plant and equipment break down as follows:

PROPERTY, PLANT AND EQIUPMENT (Amounts in thousands of euros)	12/31/18	Impact of IFRS 16	01/01/19	Increase	Decrease / Scrapping	Exchange differences	Reclass	06/30/19
Industrial equipment	3,113		3,113	356	(22)	1	56	3,505
Fixture in buildings	51		51					51
Rights of use		3,913	3,913					3,913
Other tangible assets	1,500		1,500	85	(34)		(56)	1,495
Total gross of property, plant and equipment	**4,664**	**3,913**	**8,577**	**441**	**(56)**	**1**	**0**	**8,964**
Amort. / dep. of industrial equipment	(1,631)		(1,631)	(87)	22	(1)	(116)	(1,814)
Amort. / dep. of fixtures in buildings	(50)		(50)	(0)				(51)
Amort. / dep. of Rights of use	0	(2,786)	(2,786)	(168)				(2,954)
Amort. / dep. of other property, plant and equipment	(998)		(998)	(180)	34	0	116	(1,028)
Total amort. / dep. of property, plant and equipment	**(2,680)**	**(2,786)**	**(5,466)**	**(435)**	**56**	**1**	**0**	**(5,847)**
Total net of property, plant and equipment	**1,985**	**1,127**	**3,112**	**6**	**0**	**0**	**0**	**3,117**

The application of IFRS 16 had an impact of €1,127 million on property, plant and equipment over the first half year 2019 at 1 January 2019 (see Note 1.2.2). During the first half of 2019, an amortization of €168 thousand was recorded.

Note 5: Inventories and work in progress

The inventories and work in progress break down as follows:

INVENTORIES & WORK IN PROGRESS (Amounts in thousands of euros)	06/30/19	12/31/18
Inventories of raw materials	1,012	1,041
Inventories & work in progress of finished goods	1,511	1,552
Total gross of inventories & work in progress	2,524	2,592
Dep. of inventories of raw materials	(53)	(53)
Dep. of inventories & work in progress of finished goods	(83)	(83)
Total dep. of inventories & work in progress	(136)	(136)
Total net of inventories & work in progress	2,387	2,456

The depreciation of inventories was €136 thousand as at June 30, 2019, stable compared to the last closing date. Depreciation applie to after-sales equipment, for which 80% of the amount is depreciated.

Note 6: Trade receivables and other current assets

6.1 Trade receivables

TRADE RECEIVABLES
(Amounts in thousands of euros)

	06/30/19	12/31/18
Trade receivables	3,611	3,168
Dep. of trade receivables	(1,583)	(1,525)
Total net of trade receivables	2,028	1,643

The gross value of trade receivables increased by €443 thousand due mainly to invoicing at the end of June 2019.

Trade receivables past due and not impaired amounted to €466 thousand as of June 30, 2019, compared with €961 thousand as of December 31, 2018.

6.2 Other current assets

Other current assets break down as follows:

OTHER CURRENT ASSETS
(Amounts in thousands of euros)

	06/30/19	12/31/18
Personnel and related accounts	10	9
Research Tax Credit	764	2,186
Other tax receivables	201	309
Other receivables	306	193
Prepaid expenses	381	323
Total gross of other current assets	1,662	3,019
Dep. of other current assets		
Total net of other current assets	1,662	3,019

The changes in the Research Tax Credit were as follows:

CHANGE IN RECEIVABLES FOR THE RESEARCH TAX CREDIT
(Amounts in thousands of euros)

	12/31/18	Operating revenue	Payment received	06/30/19
Research Tax Credit	2,186	576	(1,998)	764

The estimated Research Tax Credit for the first half of 2019 was €576 thousand, compared with €509 thousand as of June 30, 2018.

On May 28, 2019, Mauna Kea Technologies signed a mandate with Acofi Gestion for the disposal of the 2017 and 2018 Research Tax Credit receivables. Acofi Gestion paid €1,920 thousand at end May 2019, or 91% of the amount of Research Tax Credit less costs related to this mandate.

The amount remaining in the balance sheet corresponds to the balance of the 2017-2018 Research Tax Credit and the estimated amount for the first half of 2019.

Note 7: Cash and cash equivalents

Cash and cash equivalents break down as follows:

CASH AND CASH EQUIVALENTS
(Amounts in thousands of euros)

	06/30/19	12/31/18
Short-term bank deposits	0	8,623
Total of cash and cash equivalents	0	8,623

The repayment of the IPF debt as at June 28, 2019 generated a negative cash balance reclassified under short-term debt for €(2,683) thousand.
The €11.5 million financing from the EIB was received on July 3, 2018.

Note 8: Share capital

8.1 Issued capital

The share capital is set at one million eight thousand and fifty-three euros and fifty-two cents (€1,008,053.52). It is divided into 25,201,338 ordinary shares, fully subscribed and paid up, each with a par value of €0.04.

This figure does not include stock warrants (BSAs), founders' warrants (BSPCEs) or stock options (SOs) granted to certain investors and natural persons, who may or may not be employees of the Company, and free performance share units (PSUs).

The table below shows the history of the Company's share capital since January 1, 2019:

Type of transaction	Issued capital (€ thousand)	Share premium (€ thousand)	Number of shared comprising the issued capital (€ thousand)
As of December 31, 2018	1,008	91,753	25,201
BSA Subscription	0	20	0
Total	1,008	91,773	25,201

8.2 Share purchase warrants and stock options

Since its formation, the Company issued "Stock Warrants" (BSA), stock warrants for its employees ("BSPCE" and others) as well as stock options (SO) and free performance shares (PS), the changes since December 31, 2017 are represented below.
In 2019, the Company issued two new stocks options plans and a new "Stock Warrant" plans:

Type	Date of grant	Exercise price	Outstanding as of 12/31/18	Granted	Exercised	Cancelled	Outstanding as of 06/30/2019	Potential number of shares
Options granted before January 1, 2019			2,237,059			186,250	2,050,809	3,169,563
SO	02/07/19	€2.13		40,000			40,000	40,000
SO	05/19/19	€1.63		75,000			75,000	75,000
BSA	05/19/19	€1.84		170,000			170,000	170,000
Total			2,237,059	285,000	0	186,250	2,335,809	3,454,563

Share-based payment expenses increased by €389 thousand, from €43 thousand in June 2018 to €432 thousand as of June 30, 2019.

8.3 Treasury shares as of June 30, 2019

As of June 30, 2019, the Company held 45,042 Mauna Kea Technologies shares acquired at an average price of €1.978 representing an amount of €89,093.08.

Note 9: Loans and borrowings

The changes in loans and borrowings break down as follows:

SHORT-TERM LOANS AND BORROWINGS
(Amounts in thousands of euros)

	12/31/18	Impact of IFRS 16	01/01/19	Receipt	Repayment	Capitalized interests	Others	06/30/19
Bond issues	600		600	5,000	(5,606)	6		0
Rental debt		364	364		(36)			328
Bank overdrafts							2,683	2,683
Total of short-term loans and borrowings	**600**	364	964	5,000	(5,642)	6	2,683	**3,011**

LONG-TERM LOANS AND BORROWINGS
(Amounts in thousands of euros)

	12/31/18	IFRS 16	01/01/19	Repayment	Capitalized interests	Others	06/30/19
Repayable advances OSEO Funding	2,766		2,766			(99)	2,667
Deposits and guarantees received	11		11				11
Restatements of the lessee finance lease		808	808	(131)			677
Shareholders' accounts	5		5				5
Bond issues	3,674		3,674	(3,971)	297		0
Total of long-term loans and borrowings	**6,457**	**808**	**7,265**	**(4,102)**	**297**	**(99)**	**3,361**

Note 10: Non-current provisions

NON-CURRENT PROVISIONS
(Amounts in thousands of euros)

	12/31/18	Allowance	Unused reversals	Used reversals	Actuarial difference	06/30/19
Pension plan provision	180	52	(1)		(28)	202
Provisions for personnel disputes	85			(20)		65
Provision for software update	15					15
Others provisions for expenses	142	(8)				134
Total of non-current provisions	422	43	(1)	(20)	(28)	416

The reversal of the provision for personnel disputes relate to a dispute which arose in 2014 and which was settled during the first half of 2019.

Other provisions for expenses correspond to the provision for the risk of repair of systems sold under the legal one-year guarantee granted on the sale of a Cellvizio.

Note 11: Other current liabilities

Other current liabilities break down as follows:

OTHER CURRENT LIABILITIES
(Amounts in thousands of euros)

	06/30/19	12/31/18
Taxes payable	101	107
Staff and social security payable	1,874	1,554
Deferred revenue	471	555
Total of other current liabilities	2,447	2,216

Tax liabilities mainly relate to payroll taxes, sales tax and value added tax.

Payroll-related liabilities represent provisions for paid leave, provisions for bonuses and commissions and social security contributions

Deferred income essentially comprises maintenance contracts on systems sold (maintenance periods of one to three years).

Note 12: Sales and operating revenue

Sales and operating revenue consists of the following:

SALES AND
OTHER OPERATING REVENUE
(Amounts in thousands of euros)

	06/30/19	06/30/18
Sales	3,937	2,707
Research Tax Credit	576	525
Total of revenue	4,512	3,232

The Group's sales, comprising the sale of Cellvizio® products and accessories (probes, software packages, etc.) as well as the provision of services, increased by 45% during the first half year 2019 compared to the first half year 2018.

SALES BY TYPE OF PRODUCT
(Amounts in thousands of euros)

	06/30/19	06/30/18
Equipment	1,349	990
Consumables (probes)	2,063	1,197
Of which the pay-per-use program	*801*	*308*
Services	525	520
Total sales by type	3,937	2,707

Sales growth in the first half of 2019 was mainly driven by the 72% increase in sales of consumables and the 38% increase in system sales.

Sales by geographical area as of June 30, 2019 break down as follows:

SALES BY GEOGRAPHICAL AREA
(Amounts in thousands of euros)

	06/30/19	06/30/18
EMEA (Europe, Middle-east, Africa)	560	630
including France	*129*	*99*
United States and Canada	1,629	1,326
including USA	*1,629*	*1,320*
Latin America	250	23
Asia	1,497	728
including China	*1,421*	*506*
including Japan	*34*	*42*
Total sales by geographical area	3,937	2,707

The increase in sales during the first half year 2019 was driven by a 106% increase in sales in the Asia-Pacific region, a 23% increase in the USA and Canada and a 24% increase in the EMEA and rest of the world regions.

As of June 30, 2019, one of the Group's distributors in the APAC area accounted for 36% of sales revenue.

Note 13: Financial instruments on balance sheet

FINANCIAL INSTRUMENTS ON BALANCE SHEET AND THEIR IMPACT ON THE PROFIT (OR LOSS)
(Amounts in thousands of euros)

As of June 30, 2019	Value on the balance sheet	Fair value through profit or loss	Fair value through equity	Loans and receivables	Debt at amortized cost
Assets					
Non-current financial assets	173			173	
Trade receivables	2,028			2,028	
Other current assets (2)	1,662			1,662	
Current financial assets (1)	57			57	
Cash					
Total of assets	3,920			3,920	
Liabilities					
Long-term loans and borrowings	3,389				3,361
Trade payables	1,722				1,722
Other current liabilities (2)	1,976				1,976
Total of liabilities	7,059				7,059

FINANCIAL INSTRUMENTS ON BALANCE SHEET AND THEIR IMPACT ON THE PROFIT (OR LOSS)

(Amounts in thousands of euros)

As of December 31, 2018	Value on the balance sheet	Fair value through profit or loss	Fair value through equity	Loans and receivables	Debt at amortized cost
Assets					
Non-current financial assets	133			133	
Trade receivables	1,643			1,643	
Other current assets (2)	3,019			3,019	
Current financial assets (1)	64			64	
Cash	8,623	8,623			
Total of assets	13,483	8,623		4,859	
Liabilities					
Long-term loans and borrowings	6,457				6,457
short-term loans and borrowings	600				600
Trade payables	2,087				2,087
Other current liabilities (2)	2,216				2,216
Total of liabilities	11,361				11,361

(1) The assessment of the fair value through profit or loss of these financial assets refers to an active market (Level 1 category according to IFRS 7).

(2) Advances paid and received that are not repaid in cash, and deferred income and prepaid expenses that do not meet the definition of financial liabilities, are not included.

Note 14: Employee benefits expense

The Group employed 99 people as of June 30, 2019 compared with 98 as of June 30, 2018.

The employee benefits expense breaks down as follows:

EMPLOYEE BENEFITS EXPENSE

(Amounts in thousands of euros)

	06/30/19	06/30/18
Wages and salaries, social security costs	6,030	5,206
Net pension costs	50	(3)
Share-based payments	432	43
Total employee benefits expense	6,512	5,246

Staff costs increased by € 824k thousand, mainly due to the U.S. Marketing teams and management of the Sales team in the United States and the restructuring of senior management

Note 15: External expenses

15.1 Research & Development Department

RESEARCH & DEVELOPMENT (Amounts in thousands of euros)	06/30/19	06/30/18
Purchases consumed	55	44
Employee benefits expenses	1,271	1,253
External expenses	520	590
Net change in amortization and depreciation	196	348
Others	8	(1)
Total Research & Development expenses	2,050	2,235

15.2 Sales & Marketing Department

SALES & MARKETING (Amounts in thousands of euros)	06/30/19	06/30/18
Purchases consumed	(36)	(14)
Employee benefits expenses	3,060	2,701
External expenses	1,290	1,161
Net change in amortization and depreciation	272	504
Others	10	25
Total of Sales & Marketing	4,597	4,376

The Sales and Marketing Department expenses increased by €221 thousand due to the expansion in the sales force in the United States.

15.3 Administrative expenses

ADMINISTRATIVE EXPENSES (Amounts in thousands of euros)	06/30/19	06/30/18
Purchases consumed	26	32
Employee benefits expenses	1,403	952
External expenses	866	904
Taxes	54	48
Net change in amortization and depreciation	250	67
Others	(21)	65
Total Administrative Expenses	2,578	2,069

The increase in wages and salaries and social security costs of €509 thousand is due to the strengthening of the management team.

During the first half of 2019, the Company applied IFRS 16 on leases to the main leases of its offices in Paris and Boston, generating corresponding amortization of €168 thousand.

Note 16: Financial income and expenses

Financial income and expenses break down as follows:

FINANCIAL REVENUE AND EXPENSES
(Amounts in thousands of euros)

	06/30/19	06/30/18
Foreign exchange gains	276	38
Gains on cash equivalents	(3)	0
Total of financial revenue	274	38
Foreign exchange losses	(273)	(85)
Interest expenses	(273)	(236)
Others financial expenses	(1,209)	(76)
Total of financial expenses	(1,755)	(393)
Total of financial revenue and expenses	(1,481)	(356)

On June 28, 2019, the Company redeemed its IPF debt early in full for a total of €10.7 million for the two bond tranches issued for €4.0 million and €5.0 million respectively in February 2017 and May 2019. This redemption includes financial expenses (interest and termination penalties) for €1.7 million presented under other financial expenses.

Note 17: Income tax expense

The Group did not capitalize its tax losses.

Note 18: Commitments

The Company had the following commitments as of June 30, 2019:

Obligations in respect of leases are included in the financial statements as at June 30, 2019 and are subject to note 4 with the application of the standard IFRS 16 (see 1.2.2 Impact of the first-time application of IFRS 16)

Commitments under other contracts

- Commitments to suppliers totaled €779 thousand for terms of less than one year as of June 30, 2019, compared with €1,133 thousand as of December 31, 2018, and €3,832 thousand for terms of one to five years as of June 30, 2019, compared with €172 thousand as of December 31, 2018. This increase in commitments is due to the renegotiation of a supply contract at the beginning of the period.

Note 19: Net earnings per share

Instruments that grant rights to the share capital on a deferred basis (BSAs, BSPCEs or stock options) are considered anti-dilutive because they cause an increase in earnings per share.
Thus, diluted earnings per share are identical to basic earnings per share.

Note 20: Management of financial risk

There was no material change to the management of financial risk over the past half-year.

Note 21: Related party transactions

The related-party transactions shown below were recognized as expenses during the periods presented:

RELATED PARTY TRANSACTIONS (Amounts in thousands of euros)	06/30/19	06/30/18
Wages and salaries - General direction	194	110
Share-based payments - General direction	236	0
Pension plan - General direction	11	2
Attendance Fees - Executive Officers	86	114
Share-based payments - Executive Officers	20	18

Note 22: Subsequent events

On July 3, 2019, the European Investment Bank (EIB) paid €11.5 million in respect of the first tranche of the financing agreement signed on June 20, 2019.
Tranche 1 is accompanied by the issuance of share subscription warrants (BSAs) entitling the holder, in the event of exercise, to subscribe for a maximum of 1,450,000 shares of the Company (i.e. 5.75% of the share capital on a non-diluted basis) subject to the legal and contractual adjustments provided for in the documentation. These warrants were issued on the basis of the fourth resolution (private placement) adopted by the Extraordinary General Meeting of 5 October 2018. The exercise price of the warrants is equal to the weighted average of the volumes of the last three trading days preceding their issue, less a 5% discount, i.e. €1.8856 per warrant. The warrants may be exercised from July 3rd, 2019 until the twentieth anniversary of the issuance of the warrants, i.e. July 3rd 2039.

Mauna Kea Technologies

Period from January 1 to June 30, 2019

Statutory auditors' review report on the half-yearly financial information

Exco Socodec
51, avenue Françoise Giroud – Parc Valmy – BP 16601
21066 Dijon Cedex
S.A.R.L. with capital of €3,200,000

Statutory Auditors
Member of the
Compagnie Régionale de Dijon

ERNST & YOUNG et Autres
1/2, place des Saisons
92400 Courbevoie – Paris – La Défense
S.A.S. with variable capital

Statutory Auditors
Member of the
Compagnie Régionale de Versailles

Mauna Kea Technologies
Period from January 1 to June 30, 2019

Statutory Auditors' Report
on the half-yearly financial information

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings and in accordance with the requirements of article L.451-1-2 III of the French monetary and financial code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying condensed consolidated half-yearly financial statements of Mauna Kea Technologies, for the period from January 1 to June 30, 2019;
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the board of directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of half-yearly financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs, as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the half-yearly management report in respect of the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and its consistency with the condensed half-yearly consolidated financial statements.

Paris and Paris-La Défense, September, 20, 2019

The Statutory Auditors

Exco Socodec	ERNST & YOUNG et Autres
Olivier Gallezot	Cédric Garcia

Attestation of the person responsible for the half-yearly financial report

(Article 222-3-4 of the General Regulations of the AMF [*Autorité des Marchés Financiers*/French Financial Markets Authority])

I attest that, to my knowledge, the condensed consolidated financial statements for the last half-yearly period were prepared in accordance with the applicable accounting standards (IFRS standards as adopted by the European Union) and give a fair representation of the company's assets, financial position and results, and all companies including in the scope of consolidation, and that the half-yearly activity report presents an accurate picture of the significant events occurring during the first six months of the fiscal year, their impact on the financial statements and the principal transactions between related parties, along with a description of the principal risks and the principal uncertainties for the remaining six months of the year.

Robert L. Gershon

Chief Executive Officer